

# **Escrow Disclosure Statement**

The following pages will provide you with samples of the Escrow Disclosure Statement and letter of explanation that were sent to our contract holders. The Escrow Disclosure Statement reflects the activity for the current fiscal year for the escrow accounts and the projected activity for the next fiscal year along with any changes or refunds due. We have samples of both a disclosure for an account with a refund and an account with a shortage.

In addition, we have provided some frequently asked questions and answers to assist you in your understanding of the Escrow Disclosure process. Should you require further information, you may reach us at our email address [loanserv@cdva.ca.gov](mailto:loanserv@cdva.ca.gov), or our mailing address at P.O. Box 942895, Sacramento, CA 94295-0001 or by calling 1-800-952-5626.

- I. Cover Letter
- II. Example of an Escrow Disclosure Statement with a Refund
- III. Example of an Escrow Disclosure Statement with a Shortage
- IV. Questions and Answers about your Escrow Disclosure Statement

DEPARTMENT OF VETERANS AFFAIRS  
DIVISION OF FARM AND HOME PURCHASES  
POST OFFICE BOX 942895  
SACRAMENTO, CALIFORNIA 94295-0001  
Telephone: (916) 503-8362  
Toll Free (800) 952-5626



June 16, 2008

Enclosed is the Escrow/Impound (impound) Disclosure Statement (Statement) and notice of new mortgage payment for your CalVet loan. Each year CalVet reviews your escrow account to determine if the current monthly payment amounts are sufficient to cover your projected taxes and/or insurance premiums. Increases or decreases in your annual tax and/or insurance amounts may cause your monthly payment to change. The first section of the Statement projects activity for the next fiscal year as well as any changes to your monthly installment. The Actual Activity Section of the Statement reflects activity on your impound accounts from August 1, 2007, through July 31, 2008. The Statement assumes timely receipt of payments through July 31, 2008.

The top portion of the Statement reflects the anticipated escrow activity for the coming 12 months beginning August 1, 2008. The total projected payments from escrow divided over the 12-month period equals your monthly projected payment to escrow. If there was a shortage in your escrow account, your **new escrow** payment will be higher than your projected payment to escrow (the total of projected payment to escrow plus the shortage divided by 12). If your account reflects an escrow surplus, and your account is not 30 days or more delinquent, you will be mailed a refund.

**Refund:** Refunds will be issued by August 31, 2008 and will include 2% interest. If you are in the CalVet property tax program, recently purchased or built a new home, and are scheduled to receive a large refund, we may not have paid a tax bill based on the new assessed value, and/or a Supplemental Tax Bill may be pending. Tax bills other than the annual secured bill are your responsibility. Before spending your refund, you should check with your local County Tax Collector to determine if a Supplemental Tax Bill is pending.

**Shortage:** If you choose to pay the escrow shortage in full rather than have it collected over 12 months, your new monthly payment is the amount listed in the top portion of your Statement. This does **not** mean that your payment remains the same amount. Your check and request should be submitted directly to the Customer Services Unit at the address listed below.

Please take the time to review the Statement prior to the changes taking place. Changes to your monthly installment, as indicated in your Statement, will be reflected on your August 1, 2008 billing statement. If your payment is collected through CalVet's electronic funds transfer process, the payment will be automatically adjusted for your August installment. If you are using another method of electronic payment, such as through your bank, you may need to change the payment amount before August 1<sup>st</sup> to avoid possible late fees and/or negative credit reporting.

If you have questions, please submit your inquiries in writing to the CalVet Customer Services Unit, P.O. Box 942895, Sacramento, CA 94295-0001, by FAX at (916) 653-2450, or send by E-mail to [loanserv@cdva.ca.gov](mailto:loanserv@cdva.ca.gov). Additional information and sample Statements can be found on our website <http://www.cdva.ca.gov/calvet/escrow.pdf>.

We appreciate your business and thank you for being a CalVet customer.

# Escrow Disclosure Statement

Analysis from: 08/01/2008 to 07/01/2009 for Coming Year

Account No: XXXXXX

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5,595.41	Total Projected Payments from Escrow
12	Divide by Number of Months in Analysis Period
466.28	Equals the Projected Payment to Escrow
932.56	Target Balance* (Cannot be Greater than 2 Escrow Payments)
1,960.53	Required Starting Balance to achieve the Target Balance
1,656.55	Subtract Projected Starting Balance
303.98	Your account is showing a shortage of \$303.98.
	We have decided to collect it over 12 months.
	If you choose to pay your shortage in full, your new monthly payment will be \$1,800.70

New P&I	New Escrow	New Payment
1,334.42	491.61	1,826.03

Month	Payments to Escrow	Payments from Escrow	Description	Required Balance
			STARTING BALANCE	1,960.53
August	466.28	25.62	Ins. Mandatory Life - Std	2,401.19
September	466.28	25.62	Ins. Mandatory Life - Std	2,841.85
October	466.28	25.62	Ins. Mandatory Life - Std	3,282.51
October	0.00	577.33	Fire & Hazard Insurance	2,705.18
October	0.00	597.24	Disaster Indemnity Premiums	2,107.94
November	466.28	25.62	Ins. Mandatory Life - Std	2,548.60
December	466.28	25.62	Ins. Mandatory Life - Std	2,989.26
December	0.00	2,056.70	Property Taxes	932.56
January	466.28	25.62	Ins. Mandatory Life - Std	1,373.22
February	466.28	25.62	Ins. Mandatory Life - Std	1,813.88
March	466.28	25.62	Ins. Mandatory Life - Std	2,254.54
April	466.28	25.62	Ins. Mandatory Life - Std	2,695.20
May	466.28	25.62	Ins. Mandatory Life - Std	3,135.86
June	466.28	25.62	Ins. Mandatory Life - Std	3,576.52
June	0.00	2,056.70	Property Taxes	1,519.82
July	466.28	25.62	Ins. Mandatory Life - Std	1,960.48

Actual activity from: 08/01/2007 to 07/31/2008 for Previous Year

Previous P&I	Previous Escrow	Previous Payment	Interest on Escrow
1,334.42	459.79	1,794.21	28.93

Month	Payments to Escrow	Payments from Escrow	Description	Balance
August	0.00	25.62	Ins. Mandatory Life - Std	2,139.73
August	459.79	0.00		2,599.52
September	0.00	25.62	Ins. Mandatory Life - Std	2,573.90
September	459.79	0.00		3,033.69
October	0.00	577.33	Fire & Hazard Insurance	2,456.36
October	0.00	597.24	Disaster Indemnity Premiums	1,859.12
October	0.00	25.62	Ins. Mandatory Life - Std	1,833.50
October	459.79	0.00		2,293.29
November	0.00	25.62	Ins. Mandatory Life - Std	2,267.67
November	0.00	2,056.71	Property Taxes	210.96
November	459.79	0.00		670.75
December	0.00	25.62	Ins. Mandatory Life - Std	645.13

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Month	Payments to Escrow	Payments from Escrow	Description	Balance
December	459.79	0.00		1,104.92
January	0.00	25.62	Ins. Mandatory Life - Std	1,079.30
February	0.00	25.62	Ins. Mandatory Life - Std	1,053.68
February	919.58	0.00		1,973.26
March	0.00	25.62	Ins. Mandatory Life - Std	1,947.64
March	459.79	2,056.70	Property Taxes	350.73
April	0.00	25.62	Ins. Mandatory Life - Std	325.11
April	459.79	0.00		784.90
May	0.00	25.62	Ins. Mandatory Life - Std	759.28
May	459.79	0.00		1,219.07
June	0.00	25.62	Ins. Mandatory Life - Std	1,193.45
June	28.93	0.00		1,222.38
July	459.79	25.62	Ins. Mandatory Life - Std	1,656.55

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# Escrow Disclosure Statement

Analysis from: 08/01/2008 to 07/01/2009 for Coming Year

Account No: XXXXXX

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5,488.70	Total Projected Payments from Escrow
12	Divide by Number of Months in Analysis Period
457.39	Equals the Projected Payment to Escrow
914.78	Target Balance* (Cannot be Greater than 2 Escrow Payments)
1,351.05	Required Starting Balance to achieve the Target Balance
1,793.67	Subtract Projected Starting Balance
-442.62	Your account is showing a surplus of \$442.62. We are sending you a check for the surplus.

New P&I	New Escrow	New Payment
1,957.30	457.39	2,414.69

Month	Payments to Escrow	Payments from Escrow	Description	Required Balance
			STARTING BALANCE	1,351.05
August	457.39	21.14	Ins. Mandatory Life - Std	1,787.30
September	457.39	21.14	Ins. Mandatory Life - Std	2,223.55
October	457.39	21.14	Ins. Mandatory Life - Std	2,659.80
November	457.39	21.14	Ins. Mandatory Life - Std	3,096.05
December	457.39	21.14	Ins. Mandatory Life - Std	3,532.30
December	0.00	2,062.50	Property Taxes	1,469.80
January	457.39	21.14	Ins. Mandatory Life - Std	1,906.05
February	457.39	21.14	Ins. Mandatory Life - Std	2,342.30
March	457.39	21.14	Ins. Mandatory Life - Std	2,778.55
April	457.39	21.14	Ins. Mandatory Life - Std	3,214.80
May	457.39	21.14	Ins. Mandatory Life - Std	3,651.05
May	0.00	545.60	Fire & Hazard Insurance	3,105.45
May	0.00	564.42	Disaster Indemnity Premiums	2,541.03
June	457.39	21.14	Ins. Mandatory Life - Std	2,977.28
June	0.00	2,062.50	Property Taxes	914.78
July	457.39	21.14	Ins. Mandatory Life - Std	1,351.03

Actual activity from: 08/01/2007 to 07/31/2008 for Previous Year

Previous P&I	Previous Escrow	Previous Payment	Interest on Escrow
1,957.30	455.58	2,412.88	35.11

Month	Payments to Escrow	Payments from Escrow	Description	Balance
August	452.06	17.62	Ins. Mandatory Life - Std	1,412.06
September	0.00	17.62	Ins. Mandatory Life - Std	1,394.44
September	452.06	0.00		1,846.50
October	0.00	17.62	Ins. Mandatory Life - Std	1,828.88
October	452.06	0.00		2,280.94
November	0.00	17.62	Ins. Mandatory Life - Std	2,263.32
November	452.06	1,022.97	Property Taxes	1,692.41
December	452.06	17.62	Ins. Mandatory Life - Std	2,126.85
January	452.06	17.62	Ins. Mandatory Life - Std	2,561.29
February	0.00	21.14	Ins. Mandatory Life - Std	2,540.15
February	455.58	1,275.95	Property Taxes	1,719.78
March	0.00	21.14	Ins. Mandatory Life - Std	1,698.64
March	455.58	1,022.97	Property Taxes	1,131.25

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Month	Payments to Escrow	Payments from Escrow	Description	Balance
April	0.00	21.14	Ins. Mandatory Life - Std	1,110.11
April	455.58	0.00		1,565.69
May	0.00	545.60	Fire & Hazard Insurance	1,020.09
May	0.00	564.42	Disaster Indemnity Premiums	455.67
May	0.00	21.14	Ins. Mandatory Life - Std	434.53
May	455.58	0.00		890.11
June	0.00	21.14	Ins. Mandatory Life - Std	868.97
June	490.26	0.00		1,359.23
July	455.58	21.14	Ins. Mandatory Life - Std	1,793.67

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## **ESCROW ANALYSIS AND DISCLOSURE STATEMENT QUESTIONS AND ANSWERS**

- 1. Q. I haven't received my escrow refund. Has it been mailed or when will it be mailed?**

**A.** All escrow refunds will be processed during the month of August providing that your account is not more than 30 days delinquent. If your account is 30 days or more delinquent and reflects a refund, the refund will be held until the account becomes current or you may request to have the refund applied to your delinquency by contacting the Collections Unit at (916) 503-8357.
- 2. Q. My statement says my account is short yet my payment is decreasing, why?**

**A.** A decrease to a payment can be caused by a couple of different reasons and/or a combination of reasons. One reason could be that your projected disbursements are less this year. Another reason could be that the repayment of this years shortage is less than last years shortage.
- 3. Q. Explain cushion.**

**A.** Cushion is the excess monies carried in your impound account that allows us to cover unanticipated disbursements or disbursements made before the borrower's payments are available in the account. CalVet has established a two-month cushion for each Contract Holder for this purpose; therefore, your escrow account should not reflect a balance less than the total of two monthly escrow payments.
- 4. Q. Explain target balance.**

**A.** The target balance is that point during the next fiscal year that your account will reach the total of two monthly escrow payments (cushion). This takes into consideration, your required beginning balance, scheduled periodic payments and disbursements. Regulations allow a two-month cushion in an escrow account to cover unanticipated disbursements or disbursements made before the borrower's payments are available in the account.
- 5. Q. Explain the required starting balance.**

**A.** The required starting balance represents the funds necessary to achieve the target balance in your escrow account during the year when combined with the monthly incoming escrow payments and disbursements. Regulations allow CalVet to require the borrower to repay a shortage in the required starting balance within 30 days or to repay the shortage amount in equal monthly payments over at least a 12-month period. CalVet chose to allow a repayment over a 12-month period.

**6. Q. How did you arrive at my required starting balance?**

**A.** Projected payments to your escrow account and disbursements from your escrow account along with the requirement of a cushion were programmed into the accounting system. The system then calculated the starting balance necessary to assure the balance in your escrow account would never go below the two-month cushion (target balance) during the year. If you look at the box at the top of the disclosure it will indicate the figure that is the target balance. Now look at the projections for next year in the right column "Required Balance" and you will see that same figure (target balance) at some point during the next fiscal year from August through July. Using any other starting balance will not allow for this to happen and your account at some point will drop below the required cushion. It should be noted that we are only limiting the minimum balance; there is no maximum balance during the year so there will be times that your balance is well above the target balance.

**7. Q. What makes up the total projected payments?**

**A.** Projected payments represents all the projected disbursements for your loan for the next fiscal year. When divided by 12, it then represents the monthly amount required to meet the projected disbursements. This figure when combined with any shortage of the established two-month cushion will make up your new escrow collection monthly.

**8. Q. Why is my projected payment to escrow different than the new escrow payment?**

**A.** The new escrow payment represents the amount necessary to cover the next fiscal year disbursement projections and the monthly amount necessary to cover the shortage in the two-month cushion (if applicable) that is required to start your escrow balance August 1<sup>st</sup>.

**9. Q. Will this be my payment for the rest of the year?**

**A.** Yes, however, it should be noted that the standard will be renewing their coverage in February and the renewal may cause a change to your monthly payment. Any change will be reflected on your February billing statement.

**10. Q. My disclosure statement shows a surplus of (less than \$50.00). I want it refunded to me.**

**A.** Regulations allow CalVet to credit any surplus amount in an escrow account under \$50.00 to the next year's escrow impound by reducing the monthly escrow collection. This was determined to be the most prudent and economically feasible choice. There will be no exception.



11. **Q. I want you to keep the refund because I know there will be a Supplemental Tax bill, can you do that?**
- A. RESPA requires that we refund all excess monies in your impound account that exceeds \$50.00. However, if the refund has not yet been issued, you may submit a written request by mail or via fax at (916) 653-2450 requesting that we place the refund in your tax impound account for payment of a future Supplemental Tax bill and we will do it. If, however, the refund has already issued, you will need to return the refund for deposit to your account; you may do so with a written request asking us to deposit your payment to your impound account. You should send this payment to The Department of Veterans Affairs, P.O. Box 942895, Sacramento, CA 94295-0001 ATTN: Customer Services. It is your responsibility to provide us with the Supplemental Tax bill when issued.
12. **Q. It is obvious to me that you did not pay a future tax bill for my property or that your projections are too low, why did you reduce my payment?**
- A. We are required to project your payments using the actual disbursements made on your account unless we are aware that the prior disbursement does not reflect a full assessment. It is many times difficult for CalVet to be aware if the bill paid is at the fully assessed value, as we cannot examine each bill. If, however, you become aware and want your payment to be increased, we can do so with your written request.
13. **Q. Why don't you calculate the interest on the impound account monthly so that I receive more interest?**
- A. The interest is calculated for your escrow account every time an activity occurs, i.e. impound monies are received or a disbursement is made from the impound account. The program to calculate the interest is run when we process the Escrow Disclosure Statement and a total sum of the interest is then added into the escrow account.
14. **Q. What is RESPA?**
- A. RESPA means the Real Estate Settlement Procedures Act of 1974, 12 U.S.C. 2601 et seq. If you have any questions regarding RESPA, please direct them to the Director, Office of Consumer and Regulatory Affairs, Department of Housing And Urban Development, 451 7<sup>th</sup> street SW., Washington, DC 20410-8000.